



June 5, 1995

Ian D. Volner
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A. Randall Vogelzang, Esq.
GTE Telephone Operations
4100 Roxboro
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Dear Mr. Vogelzang:

I am writing particularly to respond to your letter of May 17, 1995 which purports to describe GTE's policy concerning demarcation points under applicable FCC regulations, and generally to address the outstanding issues between GTE and the Airports Authority. There has been absolutely no progress toward satisfactory resolution of these issues, and your letter affords us no reason to believe that this situation will change. Accordingly, I have been authorized by the Airports Authority to inform you that, effective immediately:

1. The Authority has established the demarcation point on the line side of the new termination frame the Authority or its concessionaire will install in Building 8 at Dulles Airport.

2. GTE will, as a matter of law, continue to own cabling both on its side and the Airport side of the demarcation point for so long as that plant remains in operation, unless other arrangements are made with the Authority. The Authority will make any modifications, repairs or replacements to GTE's wiring on the Airport side of the demarcation point. Alternatively, the Authority, at its sole discretion, may authorize GTE to make modifications, repairs or replacements on an unregulated basis. All such repairs and replacements shall be at the expense of the party requesting or necessitating such repair or replacement.

3. Under no circumstances will GTE or its agents be permitted to install new facilities or make any changes or modifications to cabling or telecommunications equipment located at the Airport without prior, written approval from the appropriate officials of the Authority.

This policy resolves the regulatory issues concerning demarcation point and the allocation of rights and responsibilities between GTE and the Authority as the premises' owner, and is entirely consistent with the FCC's rule and our discussions of the past 25

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months. As you are aware, there remain separate, non-regulatory issues relating to the compensation to which the Authority is entitled for the use of its rights-of-way and space at buildings presently used by GTE for its central office and for other purposes. Unless we receive from GTE an acceptable proposal with respect to compensation to the Authority for these uses within ten (10) days from the date of this letter, the Authority will initiate appropriate steps in vindication of its rights.

Background. The Authority has taken these steps because it is abundantly clear that we are no closer to a definitive resolution of both regulatory and non-regulatory matters than we were more than two (2) years ago when these discussions began. The Authority initiated the discussion by pointing out that, regardless of the outcome of the then-pending RFP to establish a Shared Tenant Service (STS) system at Dulles, federal law required the establishment of a demarcation point, and that the laws and policies under which the Authority operates mandate that arrangements concerning the use of rights-of-way and occupancy of space be made.

We proposed to simplify the regulatory portion of the undertaking by purchasing GTE's embedded plant. It took months after our initial inquiry for GTE to prove the Authority with an estimate of the price of purchasing the plant and several months more for GTE to respond to our inquiry as to how the price quotation had been arrived at. There was even greater delay in the delivery to the Authority of a detailed itemization of the plant in question. Actually accomplishing an on-site verification of GET-claimed inventory -- which disclosed numerous errors in the inventory -- took months to complete.

In late December, 1994 (a full eighteen months after the discussions began), GTE announced that, for its own internal, accounting reasons, it was imperative to conclude the transaction with respect to the premises' wiring and to establish a demarcation point by the end of the month. The Authority cooperated and tried very hard to accommodate this request. This effort broke down when the Authority realized that the inventory of cabling supposedly being sold which GTE had prepared was still inaccurate and over-inclusive. Nonetheless, the Authority continued to try to resolve these matters into early 1995 with little progress. Then, at our meeting at the end of April, 1995, you and your clients announced that GTE was unwilling to sell the plant. That was certainly GTE's right and, as we have previously advised GTE, the Authority is no longer pursuing the purchase proposal. Implementation of the Authority's STS system has been delayed since the Authority, accepting GTE's *bona fides* in negotiating the sale of its plant, did not pursue alternative arrangements.

As to the demarcation point, all discussions have been based on the common understanding that the demarcation point would be established somewhere within Building 8. At least four versions of a Demarcation Point and Cable System Purchase Agreement have been prepared by GTE lawyers, all of which would have established the

demarcation point in Building 8. The Authority's position has consistently been that the appropriate location for the demarcation point is in Building 8. Yet, your letter of May 17 states that it will take an additional two (2) weeks for GTE to "propose" a demarcation point. That deadline has now passed as well.

The Authority is the "Premises Owner." Although owned by the federal government, all of the land at Dulles Airport has been leased to the Authority for fifty years with "full power and dominion over, and complete discretion in, operations and development of the Airports..." Lease between the United States of America and the Metropolitan Washington Airports, March 2, 1987. All other occupants of Dulles are there by operation of subleases or licenses from the Authority. That is why the ground lease for the Contel building now occupied by GTE provides that the building occupant will be paid the depreciated interest in the value of the building at the expiration of the lease. There is no doubt that the Authority is the "premises' owner" for purposes of the FCC's rules.

Demarcation Point. The Authority's establishment of the demarcation point inside Building 8 is, if anything, more generous to GTE than the FCC's rule requires. The rule states that, in multi-tenant premises, including "campus situations," in which wiring is installed after August 13, 1990, the multi-unit premises owner shall determine the location of the demarcation point(s) unless the telephone company's policy is to establish the demarcation point at the "minimum point of entry." It is not clear to me what GTE's policy is: What I have been seeking for the past two years is a copy of GTE's policy itself, not a description which seems somewhat selective.

Your letter of May 18, 1995, stated that for a "special application" GTE's policy provides that "[a]lternative demarcation point(s) may be established if the circumstances require it." This seems to imply that GTE's policy is not to establish the demarcation point at the "minimum point of entry." Accordingly, the Authority has established the demarcation point at the line side of the new termination frame to be installed in Building 8. The Authority believes this will better serve the interests of both GTE and the Authority. Among other things, this location will facilitate nondiscriminatory access by competitive carriers to Dulles when the Commonwealth of Virginia authorizes competitive intra-state services.

GTE's System. GTE's wire from the edge of the Airport to the demarcation point in Building 8 continues to be GTE's responsibility to maintain. Responsibility for maintenance and service of the system on the Airport side of the demarcation point is the responsibility of the premises' owner (the Airport). There is nothing in the Authority's policy that precludes GTE from continuing to serve those tenants at Dulles who prefer to take local service from GTE rather than through the STS system.

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Repair, Modification, Installation of New Facilities. I call your attention to Section 9.2 of the Metropolitan Washington Airports Regulations which provides:

Except with the explicit written approval of the Manager and the Authority Building Official, no person shall construct, enlarge, alter, repair, remodel, add to, demolish, or modify in any way any building or structure on either Airport. Except with the written approval of the Manager and the Authority Building Official and consistent with any reasonable conditions they set, no person shall make any excavation at either Airport

This regulation has the full force and effect of law, and its violation is a Class 1 misdemeanor.

The need for this regulation and its particular application in Paragraph 3 of the Authority's Policy is illustrated by the recent and ongoing problem with the Greenway toll road. Although GTE was told that it would not be given permission to a run line across Dulles to serve the Greenway, GTE went ahead and installed it anyway. The unauthorized line crosses a site that the Authority needs for other, public safety, purposes. It will have to be cut or removed. The Authority has no wish to preclude the Greenway from obtaining telephone service from whomever the Greenway chooses; however, that does not mean that the Authority will excuse the appropriation of its property as GTE has attempted to do.

Conclusion. As stated, this Policy takes effect immediately. The Authority cannot countenance further delay. Accordingly, the Authority has authorized Harris and its subcontractor, Bell South, to commence construction of Dulles cabling infrastructure that will, over time, replace the existing GTE-installed cabling.

If GTE has a proposal for compensating the Authority for its occupancy and rights-of-way on the Airport, I suggest that you present it as soon as possible. To be acceptable, GTE's proposal must provide for payment of rent retroactive to January 1, 1995. If I have not heard from you by June 15, the Authority will provide GTE with its terms and conditions in the form of a lease.

Very truly yours,

A handwritten signature in black ink, appearing to read 'D. Volner', with a stylized flourish extending to the left.

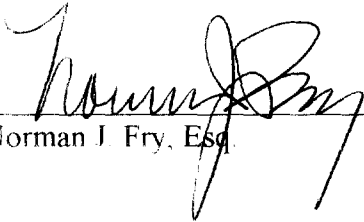
Ian D. Volner

CERTIFICATE OF SERVICE

I, Norman J. Fry, Esq., do hereby certify that a true and correct copy of the foregoing document was sent by first-class mail, postage prepaid, or hand-delivered, on this 5th day of October, 1995, to the following persons:

- * Chairman Reed E. Hundt
Federal Communications Commission
1919 M Street, N.W., Room 814
Washington, D.C. 20554
- * Commissioner James H. Quello
Federal Communications Commission
1919 M Street, N.W., Room 802
Washington, D.C. 20554
- * Commissioner Andrew C. Barrett
Federal Communications Commission
1919 M Street, N.W., Room 826
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- * Commissioner Rachelle B. Chong
Federal Communications Commission
1919 M Street, N.W., Room 844
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- * Commissioner Susan Ness
Federal Communications Commission
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* Hand Delivered